

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 717 Space Florida Financing

SPONSOR(S): Sirois

TIED BILLS: **IDEN./SIM. BILLS:** SB 1070

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Workforce Development & Tourism Subcommittee		Willson	Barry
2) Ways & Means Committee			
3) Commerce Committee			

SUMMARY ANALYSIS

Established by the Legislature in 2006, Space Florida was created to promote aerospace business development by facilitating business and infrastructure financing, spaceport operations, research and development, workforce development and innovative education programs. Space Florida is an independent special district which covers the entire state.

Current law authorizes Space Florida to issue bonds and other obligations to pay for projects, facilities, services, and other activities, including the retirement or refunding of existing bonds and obligations.

The bill amends or repeals a number of financing provisions within the Space Florida Act (Part II, Ch. 331, F.S.). Specifically, the bill clarifies certain definitions, removes the requirement that the Governor and Cabinet must approve Space Florida's bond proposals, specifies that revenue bonds issued by Space Florida may not constitute an indebtedness of Space Florida and may not be secured by state appropriations, reduces the maximum length to maturity for bonds, and allows Space Florida to validate its bonds pursuant to Ch. 75, F.S.

The bill does not appear to have a fiscal impact on state or local government.

The bill provides an effective date of July 1, 2020.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Space Florida

Space Florida was established by the Legislature in 2006 to consolidate Florida's three existing space entities, namely the Florida Space Authority, the Florida Space Research Institute, and the Florida Aerospace Finance Corporation, into a single organization.¹ Space Florida was created to promote aerospace business development by facilitating business and infrastructure financing, spaceport operations, research and development, workforce development and innovative education programs.² Space Florida acts as the single point of contact for state aerospace-related activities with federal agencies, the military, state agencies, businesses, and the private sector.³

Space Florida is an independent special district and a subdivision of the state. The boundary and services area for the Space Florida special district covers the entire state. Space Florida is subject to the provisions of the Uniform Special District Accountability Act, to the extent that the provisions of that act do not conflict with the Space Florida Act.⁴

Special Districts

In 1989, the Legislature passed the Uniform Special District Accountability Act.⁵ This Act sets forth the general provisions for all special districts, addressing such provisions as the creation, operation, financial reporting, taxation, assessments, elections, definitions, compliance with general law provisions, and comprehensive planning of special districts. Like municipalities and counties, special districts generally do not pay sales tax on goods and services and may be able to finance with tax-exempt bonds issued at reduced interest rates.

Generally, the charter creating an independent special district must contain the following information:

- The purpose of the special district;
- The powers, functions and duties of the special district relating to ad valorem taxes, bonds and other revenue-raising abilities, budget preparation and approval, liens and lien foreclosures, and the use of tax deeds and certificates for non-ad valorem assessments and contractual agreements;
- Method for establishing the district and amending the district charter;
- The membership, organization, compensation, and administrative duties of the governing board and its members;
- Applicable financial disclosure, noticing, and reporting requirements;
- Procedures and requirements for bond issues, if the special district will issue bonds;
- Election procedures and requirements;
- Method for financing the district;
- Authorized millage rate, and methods for collecting non-ad valorem assessments, fees, or service charges;
- Planning requirements; and
- District boundaries.

Debt Financing and Space Florida

¹ SPACE FLORIDA, *Open Government*, <https://www.spaceflorida.gov/about/open-government/> (last visited Jan. 9, 2020).

² See s. 331.302, F.S.

³ S. 331.3011, F.S.

⁴ Ss. 331.301–331.371, F.S.

⁵ Ch. 189, F.S.

Current law authorizes Space Florida to issue revenue bonds, assessment bonds, or any other bonds or obligations authorized by law, and to provide for the retirement or refunding of any bonds or obligations of Space Florida. Space Florida is allowed to pay for the acquisition, construction, reconstruction, extension, repair, improvement, or maintenance of any project, including payloads and space flight hardware, equipment for research, development, and educational activities, and to provide for any facility, service or other activity of Space Florida.⁶

Revenue bonds may be secured by the rates, fees, rentals, tolls, fares, or other charges to be collected from the users of any project, from any revenue-producing undertaking or activity of Space Florida, or from any source of pledged security.⁷ Revenue bonds do not constitute an indebtedness of Space Florida unless they are additionally secured by the full faith and credit of Space Florida.⁸

Space Florida may also issue refunding bonds, bond anticipation notes,⁹ obtain loans, and issue debt to pay for costs and expenses.¹⁰ Space Florida is authorized to pledge its full faith and credit as additional security for the payment of any bonds that it issues.¹¹

Space Florida must provide 14 days' notice to the presiding officers and appropriations chairs of both houses of the Legislature prior to presenting a bond proposal to the Governor and Cabinet. If either presiding officer or appropriations chair objects to the bonding proposal within the 14-day-notice period, the bond issuance may be approved only by a vote of three-fourths of the members of the Governor and Cabinet.¹²

Effect of the Bill

The bill amends s. 331.302, F.S., to clarify the definition of the term "bonds".

The bill amends s. 331.305, F.S., to remove the requirement that the Legislature must be notified and that the Governor and Cabinet must approve Space Florida's bond proposals.

The bill amends s. 331.331, F.S., to specify that revenue bonds issued by Space Florida may not constitute an indebtedness of Space Florida and may not be secured by state appropriations.

The bill repeals s. 331.334, F.S., relating to the pledging of assessments and other revenues and properties as additional security on bonds by Space Florida.

The bill repeals s. 331.336, F.S., relating to the issuance of bond anticipation notes by Space Florida.

The bill repeals s. 331.337, F.S., relating to short-term borrowing by Space Florida.

The bill amends s. 331.340, F.S., reducing the maturity date for bonds issued by Space Florida from 40 years to 30 years from the date of issuance.

The bill amends s. 331.346, F.S., to allow Space Florida to validate its bonds pursuant to Ch. 75, F.S.

B. SECTION DIRECTORY:

Section 1 Amends s. 331.302, F.S.; specifying bonding provisions to which Space Florida is subject

⁶ S. 331.305(20), F.S.

⁷ S. 331.331, F.S.

⁸ S. 331.331(2), F.S.

⁹ S. 331.336, F.S.

¹⁰ S. 331.337, F.S.

¹¹ S. 331.334, F.S.

¹² S. 331.305(20), F.S.

- Section 2 Amends s. 331.303, F.S.; revising the definition of the term "bonds".
- Section 3 Amends s. 331.305, F.S.; revising powers of Space Florida regarding bond issuance; deleting provisions regarding Legislative review of bond proposals, and presentation of bond proposals to, and approval of bond issuance by, the Governor and Cabinet.
- Section 4 Amends s. 331.331, F.S.; revising provisions relating to securing the issuance of revenue bonds.
- Section 5 Repeals s. 331.334, F.S., relating to pledging assessments and other revenues and properties as additional security on bonds; s. 331.336, F.S., relating to issuance of bond anticipation notes; and s. 331.337, F.S., relating to short-term borrowing.
- Section 6 Amends s. 331.335, F.S.; revising provisions relating to lien of pledges.
- Section 7 Amends s. 331.340, F.S.; revising bond maturity date requirements.
- Section 8 Amends s. 331.346, F.S.; authorizing Space Florida to validate bonds pursuant to certain provisions.
- Section 9 Provides for an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may result in a positive direct economic impact for businesses that are involved in activities financed by Space Florida as the conduit issuer of the debt.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not appear to create a need for rulemaking or rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES